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September 9, 1982

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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT
AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE UNITED STATES REPRESENTATIVE TO THE
UNITED NATIONS
CHAIRMAN, JOINT CHIEFS OF STAFF
DIRECTOR, UNITED STATES INFORMATION AGENCY

SUBJECT: NSDD 54 on Eastern Europe (S)

The President has approved National Security Decision
Directive 54 on "U.S. Policy Toward Eastern Europe".
A copy is attached for your information. (S)

FOR THE PRESIDENT:

Bill Clark

William P. Clark

Attachment

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WASHINGTON

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September 2, 1982

*National Security Decision
Directive 54*

NSC REVIEWED 8/2/07 NO OBJECTION TO DECLASSIFICATION AND

UNITED STATES POLICY TOWARD EASTERN EUROPE * (S)

I have reviewed the interagency report on United States policy toward the Warsaw Pact countries of Eastern Europe. I have determined that the primary long-term U.S. goal in Eastern Europe is to loosen the Soviet hold on the region and thereby facilitate its eventual reintegration into the European community of nations. Western influence in the region admittedly is limited by Moscow's willingness to use force against developments which threaten what it perceives as its vital interests in the region. The United States, however, can have an important impact on the region, provided it continues to differentiate in its policies toward the Soviet Union and the Warsaw Pact countries of Eastern Europe, and among the countries of Eastern Europe, so as to encourage diversity through political and economic policies tailored to individual countries. While the impact of differentiation in some cases may be marginal, it offers the best vehicle for achieving the primary U.S. goal of weakening overall Soviet control in the region. In implementing this policy, the baseline for comparison will be our policy toward the Soviet Union. (S)

Differentiation will aim at:

- Encouraging more liberal trends in the region.
- Furthering human and civil rights in East European countries.
- Reinforcing the pro-Western orientation of their peoples.
- Lessening their economic and political dependence on the USSR and facilitating their association with the free nations of Western Europe.
- Undermining the military capabilities of the Warsaw Pact.
- Encouraging more private market-oriented development of their economies, free trade union activity, etc. (S)

* In this NSDD Eastern Europe refers to Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania. Yugoslavia will be the subject of a separate NSDD. Given Albania's seeming disinterest in a viable relationship with the U.S. at this time, and its non-membership in the Warsaw Pact, it does not merit either inclusion in this NSDD or a separate study. (C)

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This policy represents a continuation of differentiation toward Eastern Europe which has been U.S. policy for nearly 20 years. While the fundamental objectives of differentiation remain the same as in the past, its implementation will differ in that we will proceed more cautiously and with a clearer sense of our limitations, including budgetary ones. (S)

In implementing its policy, the U.S. will calibrate its policies to discriminate carefully in favor of governments which:

- Show relative independence from the Soviet Union in the conduct of foreign policy as manifested by the degree to which they resist associating themselves with Soviet foreign policy objectives and support or refrain from obstructing Western objectives; or
- Show relatively greater internal liberalization as manifested in a willingness to observe internationally recognized human rights and to pursue a degree of pluralism and decentralization, including a more market-oriented economy. (S)

The U.S. Government will consider each factor to an appropriate degree on a case-by-case basis. States that fail to show internal or external independence should be treated essentially as we treat the USSR. U.S. concessions should be in exchange for concrete actions demonstrating independence. Rewards must be earned. In addition, we will carefully tailor our rewards in order to minimize benefits to the Soviet Union. (S)

The U.S. Government will employ commercial, financial, exchange, informational, and diplomatic instruments in implementing its policy toward Eastern Europe to include the following:

- Most-Favored-Nation (MFN) Status. MFN status will be exploited consistently with U.S. law and policy objectives when the states of Eastern Europe are responsive to our concerns on such issues as family reunification and human rights (including freer emigration). Our actions in this regard will depend on the readiness of the relevant East European government to enter with us into a constructive bilateral relationship. (S)
- Credit Policy. Access to private and official Western capital is a key asset for the economic development of Eastern Europe. The U.S. Government extends financing which benefits Eastern European countries as well as U.S. trade interests through a number of programs. In deciding on the extension of such financing, we will take into account U.S. political and security objectives within the framework of U.S. law, agencies' regulations, and economic criteria on a case-by-case basis. We will seek to avoid situations in which reverse leverage related to the overextension of credit could be exerted by the debtor country. (S)

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- International Monetary Fund (IMF) membership. It has long been U.S. policy to support the membership in the IMF of any country which is prepared to accept the obligations of Fund membership. The U.S. will continue to place economic and financial factors first among other decision criteria when considering IMF membership in individual cases; we will also continue to judge applications on a case-by-case basis, giving due weight to political and security factors when considering whether countries, particularly those in Eastern Europe, can be expected to meet the obligations of Fund membership fully and without reserve. (S)
- Debt Rescheduling. U.S. policy is to extend debt relief only when it is necessary as a financial measure to ensure repayment and when the debtor country embarks on an economic/financial stabilization program designed to rectify the country's financial position. Normally, we expect such a program to be supported by an agreed regimen of conditionality. In addition to these financial criteria, political and security objectives will continue to be given due weight in reaching a final decision on rescheduling the debts of Eastern European countries. (S)
- Technology Transfer and Export Controls. U.S. strategic concerns will remain paramount. Since there is a high probability that technology legally sold to any Eastern European country other than Romania will be passed on to the Soviet Union, it will not be possible to differentiate in the provision of COCOM-controlled production and process technology. However, a cautious U.S. policy on the sale of end products can be a facet of a differentiated policy toward Eastern Europe provided such sales will not prejudice U.S. efforts to strengthen the COCOM system. (S)
- Cultural and Educational Exchange and Informational Programs. Such programs will be employed to reinforce the pro-Western orientation of the populace in Eastern Europe, and communicate U.S. views to audiences there. (S)
- Scientific Exchanges. Through exchanges and increased interactions, the USG will continue to work to reinforce the Western orientation of East European scientific-technical elites. Scientific exchanges will continue to be subject to our strategic concerns with technology transfer and diversions. (S)
- High Level Visits, Ship Visits and Consultations. Such actions provide an opportunity to show U.S. support -- or by their absence, lack of support -- for an individual country's policies. (S)
- International Organizations. International fora will be exploited particularly for negative differentiation, to focus world attention on actions by the Soviet Union and Eastern European states which violate internationally recognized human rights or norms of international behavior. (S)

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- Restrictions on Eastern European Diplomats and Consular Personnel. Restrictions provide a means of regulating the number and activities of Eastern European diplomats in the United States in accordance with our approval or disapproval of the sending country's actions. Use of this tool will be considered in the context of reciprocal actions and their impact upon U.S. security and other interests. (S)

*Ronald Reagan*SECRETcy 9 of 12 copies
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